Tells the Facts and Names the Names

CounterPunch

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Sex, Dollars & Freedom

For the past 18 months, some of the best known names in political Washington have conspired to cover up the misappropriation of thousands of dollars of US government money by the head of a major human rights group. The money – scheduled to promote democracy in Eastern Europe – was apparently spent to further a personal romance between the man who misspent the funds and his Ukrainian mistress.

The organization in question is Freedom House. The man is the group's president, Adrian Karatnycky, who – according to informed sources and internal memoranda – diverted roughly $4,200 in money given to Freedom House by the US Agency for International Development (USAID). Karatnycky used it to pay for telephone calls to his mistress in the Ukraine and install her in a Warsaw hotel for a romantic interlude.

When Karatnycky's unauthorized use of public money became known inside Freedom House, the organization's executive committee – which includes Jeane Kirkpatrick, Max Kampelman, Mark Palmer and Morton Kondracke – chose to cover up the whole affair. Freedom House officials opted for this course of action despite being warned that such a step could "cause damage to [Freedom House] and negatively impact the reputation, relations and funding of the institution".

Freedom House was originally founded by Eleanor Roosevelt to fight fascism but over the last generation, though supposedly an independent human rights group, has become the instrument of a particularly bellicose faction in foreign affairs. USAID and the United States Information Agency provide a majority of its money, with most of the rest coming from right-wing donors such as the John M. Olin Foundation and the Bradley Foundation (as well as from Pew Charitable Trusts and George Soros). Freedom House also has very tight links with the National Endowment for Democracy, the quasi-governmental agency created by the Reagan administration in 1983 to ladle out money across the world to advance US political interests.

Historically, Freedom House has been a watering hole for fanatic Cold War crusaders, many who crossed from the Democratic to Republican Party during the Reagan years. Another strain in its ideological bloodlines stems from a Trotskyite grouping whose opposition to the Soviet Union led it to increasingly manic Cold War postures and outright conversion to Reaganism.

Freedom House offered enthusiastic support for Reagan's military build up to confront the Soviet Union and for anti-Communist "freedom fighters" in the Third World, especially the Contras in Nicaragua. A chief passion today is Cuba. Freedom House has been a virulent supporter of the blockade against Havana, a posture which has earned it a running spot on The Miami Herald's op-ed page.

Karatnycky previously worked under Lane Kirkland – who sits on the board of Freedom House – at the AFL-CIO's international affairs division. That outfit's chief mission was undermining left-leaning regimes looked upon unfavorably by the US government. Other top officials at Freedom House include:

- **Jeane Kirkpatrick**, the former ambassador to the UN under Ronald Reagan. Kirkpatrick won her post by writing an essay for Commentary in which she made a distinction between unacceptable "dictatorship"

(continued on p. 5)

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Our Little Secret

St. Michael the Selfless

As with many Kennedys on the last stop before their final resting place, the eulogies at Michael's funeral gallantly outstripped reality. Michael Kennedy's nympholeptic passage with his 14-year old baby sitter was tactfully overlooked by all, except for his step-mother-in-law Kathy Lee Gifford, who fiercely denounced the paparazzi press, insisting that Michael hadn't laid a finger on the nanny till she was 16.

Heavy emphasis was laid on Michael's selfless devotion to the common good, via his non-profit venture, Citizen Energy. The word "selfless" does need some qualification. Our Little Secret checked the non-profit's tax filings and we can report St. Michael was paying himself $600,000 a year. Call it a package worth $650,000 if benefits are added in.

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This is a fierce pile of moolah for any executive running a nonprofit. The highest paid executive in the environmental sector used to be Jay Hair, at the National Wildlife Federation. At the time Hair was finally forced out in 1995 he was pulling down $298,876 in wages and benefits, scrawny in comparison to Michael's majestic self-compensation.

CounterPunch surveyed salaries in the public interest sector in July of 1996 and at that time we found that the Heritage Foundation's Edward Feulner was raking in $433,611, while the head of the NRA was scraping by on $184,708.

We have to turn to the private energy sector to get the measure of Michael's money, and we find that he was paying himself nearly twice what Michael Baly III of the American Gas Association was piling up in annual compensation.

And what about Citizens Energy, so lavish in its yield for Michael Kennedy? At the moment Citizen Energy is anxiously awaiting the brave new world of deregulated electric utilities, ardently pushed by Michael's brother, RFK, Jr., and Junior's colleagues at the Natural Resources Defense Council. NRDC's boss, John Adams, surely gnashed his teeth at Michael's bloated pay package, since Adams was fishing his food out of trash cans on the Upper East side, unable to make ends meet on his $220,000, including benefits.

Knock On Wood

Joining Michael Kennedy on that great ski slope in the sky is Rep. Sonny Bono, dead in another ski collision with a tree. Given the thickness of Bono's head, it's surprising that the tree managed to make any sort of dent. One could say it was a meeting of like minds, but this would not be fair to the arboreal side of the fatal encounter, which deservedly triumphed in the collision.

Deservedly? Trees in California had ample reason to dislike Congressman Bono, particularly in the Tahoe basin where Rep. Bono meet his end. Rep. Bono had been an eager supporter of logging plans around Lake Tahoe, and viewed attempts to protect nature as outrageous impediments to his own right to pillage. Why, Bono once declared, he'd decided to run for Congress when thwarted by the Endangered Species Act from expanding the square footage of his home in Palm Springs. The memory of the great legislator will no doubt be preserved in the form of clearcutting through the Tahoe ski slopes, lest disaster strike again.

Costner's Next, Then Oliver!

If nature continues in this vindictive mood, Kevin Costner had best avoid the Clackamas River in the Oregon Cascades. For months of 1996 Costner and his crew filmed the ludicrous Postman (from a dreadfully written novel by eco-science fiction writer David Brin) in the Clackamas setting. For months on end a particularly beautiful stretch of the Clackamas, part of the Mt. Hood National Forest, was closed to all while Costner and crew labored through his enervated epic.

Our Little Secret has talked to a Wilderness Ranger who wouldn't go on the record by name, but who tells us that the Clackamas was "paradisical before, but looked apocalyptic after Costner left."

The same criticism was made after Steven Spielberg, the Nemesis of the Ballona Wetlands, finished his new film, Saving Private Ryan, filmed on a notably beautiful strand in south-east Ireland. Oliver Stone's crew rampaged through Anasazi sites in the American Southwest when filming the peyote sequence in The Doors. This should give pause to greens now whispering excitedly that Stone's next movie will be about the environmental movement.

What We Believe

Two causes dear to the heart of Our Little Secret: Make smoking legal in California bars again. (The ban started on January 1.) Many an agreeable saloon across California has survived through the dogged loyalty of half a dozen drunks. The legitimate fear of the bar owners is that with the smoking ban the drunks will stay home and smoke in bed with a couple of six packs to hand. Anyway, what are a bars for, if not to ingest poison?

Cause number two: End the noxious eagerness of city councils and country supervisors across America to lure film

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crews in the expectation of a financial pay-off. The pay-off is usually minimal, the desecration unremitting and the clean-up cost unbelievable. Worst of all is the arrogance of the crews and the unending inconvenience to the local citizenry all in the cause of some aesthetic abomination. A CounterPunch heroine? The indomitable attorney who once spent half a day adamantly looking out of her window, thus thwarting the film crew trying to get the traditional shot of the East Bay and Bay Bridge, from the San Francisco side. She finally went inside, after eliciting a promise of a $1,000 contribution to a local neighborhood group.

TALKING OF SPIELBERG ...

We welcome this communication from CounterPunch subscriber, Neild Oldham, re our recent item on Spielberg's refusal to show Amistad in downtown New Haven. "Stephen Spielberg's treatment of New Haven pales beside his treatment of New London, a much smaller city but just as poor and with a large minority population. He rewrote history to leave New London out of the story. The Amistad was never in New Haven. The Amistad was brought into New London and while it is true that those aboard it were later taken to New Haven, the first steps to free the African Americans were taken in New London. The building that they were brought to still stands on our waterfront. Spielberg may have blacked out New Haven. But he blotted out New London. P.S. This is not a criticism of your newsletter. I enjoy it and appreciate it. Keep up the good work."

ENRON EATS ITS WORDS

Remember Enron? A few months ago, we ran a story on this huge, Texas-based energy company and its take-over of Portland General Electric utility, one of the biggest utility mergers in the nation's history. As we described it, Enron was using utility deregulation as a way of gobbling up as many locally-owned energy companies as possible. Enron's big selling pitch in this imperial march was that its mastery of the dereg game would lead to plummeting utility bills. We ridiculed this pitch and predicted rising bills for rate-payers.

Enron executives were infuriated by our story which swiftly made the rounds of Enron's innumerable opponents. One of Enron's vice president's called us, expostulating thus: "You've got us all wrong. We hate big utilities. And we hate the kind of electricity deregulation where rate payers are going to be stuck with the price tag for bailing out old nuclear power plants, like what happened in California." In California, ratepayers were forced to fork over $26 billion to pay the "stranded costs" of the state's nuclear-laden utility companies.

Well, the months have rolled by and what do we see? After wedding vows between Enron and Portland GE were exchanged, banns put up, marriage celebrated and complicit public interest groups given their modest tips, Enron awoke to find that it, just like those California companies, was now in possession of a failed nuclear plant in the form of the Trojan reactor on the Columbia River outside Portland. Enron's lobbyists sped to the Oregon State legislature in Salem to advocate a provision in Oregon's dereg bill that would force tax payers and ratepayers to pick up 100 percent of the tab for decomissioning the reactor and, amazingly, the foregone revenues from that would have been earned if the plant continued to operate.

"Stephen Spielberg's treatment of New Haven pales beside his treatment of New London."

Worse was to come. On January 3 Enron/Portland GE announced plans to increase the rates for its residential customers by 12 per cent, even as it offers reduced rates to its industrial users.

IT CAN'T BE, BUT YES, IT IS!

Many thought that 1996 had seen the final act of a great political career. No longer would the halls of Congress host this mighty legislator, no longer would the lobbyists and staffers laugh immoderately at the uncomprehending look forever affixed to his glazed countenance.

But brave dreams never die. From South Dakota comes the electrifying news that Senator Larry Pressler, the patron saint of the Telecommunications Bill of 1996, is contemplating a return to the political arena. He tells a South Dakota reporter he will not run against Tom Daschle, nor against Governor William Janklow. But Pressler is actively seeking political opportunity. CounterPunch, whose reporting sped Pressler into retirement, will bring the news as it breaks.

JESSE ON THE CASE

Last time we looked, Jesse Jackson was busy betraying the hopes of General Motors' minority dealers, who had hoped he would throw PUSH into the fray against the racist policies of GM, just as he had promised.

But is Jesse entirely idle? Nope. He's sent a flurry of well-publicized handouts demanding an investigation into the death of Ron Brown. Famed conspiracy-monger Chris Reddy has charged that Brown had a bullet in his head before his Boeing hit the Croatian mountainside. Now there's a big issue for Jesse to get his teeth into! "The people have a right to know the truth of what happened," Jackson thunders. "They deserve to have all reasonable doubts allayed."

CHE AND THE NATION

In a second-rate review of Jorge Castaneda's book on Che Guevara, Nation reviewer Patrick Markee wrote that when Che was in charge of La Cabana fortress after the revolutionary victory "he oversaw the brutal execution of hundreds of Batista collaborators". We've read the recent books on Che and note they make a point of saying that Che's supervision of the tribunals was fair, and that the total executed in his domain was 55. Maybe Markee was just watching his own ass, lest he get denounced by Nation-libs as some kind of crazy Fidelista. Maybe he didn't read the book. Incidentally, when is an execution not brutal?

AND A BIG THANKS ...

... to all **CounterPunch** subscribers who answered our year-end appeal. The response was tremendous, and we face 1998 in high spirits. Thank you all. ■

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America's Nuclear Guinea Pigs

Meet Harold Bibeau. These days he's a 55-year old draftsman, who lives in Troutdale, Oregon. For the last four years Bibeau has been waging war, bloody and terrible, against the US Department of Energy, the Oregon Department of Corrections, the Battelle Pacific Northwest Labs and the Oregon Health Sciences University. Because he's an ex-con he's not, thus far, obtained much satisfaction.

In 1963 Bibeau was convicted of killing a man who had tried to molest him sexually. Bibeau got twelve years for voluntary manslaughter. While in prison another inmate told him of a way he might get some time knocked off his sentence and make a small amount of money. Bibeau could do this by joining a medical research project supposedly managed by the Oregon Health Sciences University, the state's medical school.

Bibeau tells CounterPunch that though he did sign an agreement to be part of the research project, he was never told that there might be dangerous consequences for his health. The experiments which Bibeau and other inmates (all told, 133 prisoners in Oregon and Washington) participated in proved damaging in the extreme. The research involved the study of the effects of radiation on human sperm and gonadal cell development.

Bibeau and his fellows were doused with 650 rads of radiation. This is a very hefty dose. One chest x-ray today involves about one rad. But this wasn't all. Over the next few years in prison Bibeau says he was subjected to numerous injections of other drugs, of a nature unknown to him. He had biopsies and other surgeries. He claims that after he was released from prison he was never contacted again for monitoring.

In 1987, Oregon passed a law requiring proper examination annually of people like Bibeau by qualified medical people not associated with the Department of Corrections. Bibeau says he wasn't contacted, indeed only learned of the law in 1994.

The Oregon experiments were done for the Atomic Energy Commission, with the CIA as a cooperating agency. In charge of the Oregon tests was Dr. Carl Heller. But the actual X-rays on Bibeau and the other prisoners were done by entirely unqualified people, in the form of other prison inmates.

Bibeau and more than 100 fellow prisoners were doused with 650 rads of radiation. This is a very hefty dose.

Bibeau got no time off his sentence and was paid $5 a month. He tells us that so far he hasn't got any form of cancer that's been detected, but knows dozens of other ex-cons who are sick.

The story of the nuclear experiments has been significantly expanded in recent years after former Energy Secretary Hazel O'Leary ordered previously secret files to be released concerning the DOE's predecessor, the AEC. On New Year's Day, the New York Times ran an Associated Press story about a settlement between the Quaker Oats Co., MIT and some former students. The students were among 100 boys, many of them wards of the state, who were the unwitting objects of research in the 1940s and 1950s when they were fed cereal containing radioactive materials. In the last week of 1997, Quaker and MIT agreed to pay over $1.85 million, to the plaintiffs.

The way AP reported the story, Quaker and MIT had lured the boys from Fernald School in order to prove that the nutrients in Quaker oatmeal travel throughout the body. Quaker's aim was supposedly to match the advertising claim of its deadly corporate rival, Cream of Wheat.

This is by no means the whole story. In 1949, the parents of boys at the Fernald School were asked to give consent for their children, , some of whom were mentally retarded, to join the Fernald science club. (The wards of the state presumably got the go-ahead from some rep of the Commonwealth of Massachusetts) The boys were then the unwitting objects of experiments, supervised by the Atomic Energy Commission, in partnership with Quaker Oats, in which they were given radioactive oatmeal. The researchers wanted to see if the chemical preservatives in cereal prevented the body from absorbing vitamins and minerals, with the radioactive materials acting as tracers. They also wanted to assess the effects of radioactive materials on the kids.

The AP story missed the AEC's role altogether, which is just how the AEC — now the Department of Energy — would have liked it. There are many experiments from that era that sound like a continuation of the Nazis' researches in the labs at Dachau, which is scarcely a coincidence since the CIA spirited out many of those same Nazi scientists, bringing them to work for the AEC and other bodies in the "Paperclip" program, as the CIA codenamed it.

Many of the prisoners in the experiments in Oregon and Washington state were given vasectomies or were surgically castrated. The doctor who performed the sterilization operations said they were conducted to "keep from contaminating the general population with radiation-induced mutants."

In defending the sterilization experiments, Dr. Victor Bond — a physician at the Brookhaven nuclear lab — said "It's useful to know what dose of radiation sterilizes. It's useful to know what different doses of radiation will do to human beings." One of Bond's colleagues, Dr. Joseph Hamilton of the University of California Medical School in San Francisco, said more candidly that the radiation experiments which he had helped oversee "had a little of the Buchenwald touch". ■

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Freedom House, cont. from p. 1)

(meaning a left-wing regime) and virtuous "authoritarianism" (meaning a pro-American fascist state).

- **Max Kampelman,** a military advisor to President Lyndon Johnson, a Reagan-era nuclear arms negotiator and an ambassador-at-large under George Bush. While holding a high position at Freedom House Kampelman simultaneously sat on the board of ECC International, an arms contractor which sells hardware to Saudi Arabia, South Korea and Malaysia.
- **Ken Adelman,** a protégé of Kirkpatrick's who headed the Arms Control and Disarmament Agency under Reagan. From that perch, he desperately sought to undermine any attempts to reach strategic nuclear arms reductions between the US and the Soviets.
- **Morton Kondracke,** a telepundit associated with The New Republic and Weekly Standard.
- **Mark Palmer,** who worked for the State Department in Europe for nearly three decades. In our November 15, 1997 issue we told how a company whose chief partners include Palmer received a lucrative contract in the Ukraine just months after Freedom House honored Ukrainian President Leonid Kuchma, head of a notably corrupt regime, for his supposed devotion to human rights. (We have since learned that Freedom House sold corporate sponsorships to the Kuchma affair for $5,000. One such sponsor was Boeing, a company which views the Ukraine as a major market for its planes.)
- **Arch Puddington,** a writer for Commentary and long-time employee of Radio Free Europe.

As during the Cold War, Eastern Europe remains Freedom House's chief area of interest. USAID supports its programs with millions of dollars annually, money used to do everything from offering uplift about electoral democracy to the development of pro-American think tanks.

Over the summer of 1996, our sources tell us, it was determined that Karatnycky – who is paid well in excess of $100,000 per year – had spent $4,200 in USAID money allocated for Freedom House's programs in the Ukraine to advance his personal affairs. (Since his mistress was Ukrainian, Karatnycky can at least argue that the money went towards the country for which it was intended.) When confronted by Freedom House chairwoman Betty Bao Lord – the writer and wife of Winston Lord, a former US ambassador to China – we are told that Karatnycky first denied the charges. When presented with direct evidence of his misuse of funds, however, he admitted all.

We're told by sources that Lord temporarily banished Karatnycky from Freedom House's New York headquarters – he took up residence at the group's Washington offices – while the executive committee decided what to do. Lord apparently wanted to fire

Lord convened an emergency meeting of top officials: "I need your counsel and decision as soon as possible".

Karatnycky but was talked out of taking such action by other Freedom House honchos, most notably Palmer, Kampelman and Puddington.

On August 6, Lord sent a memo to members of Freedom House's executive committee urgently requesting their presence the following day at Kampelman's Washington office. In addition to Kampelman, the executive committee at that time included Kirkpatrick, Palmer, Kondracke, Ned Bandler (an executive at the Dutch conglomerate, Unilever), investment banker Walter Schloss, Norman Hill of the A. Philip Randolph Institute and Burns Roper of the Roper Poll.

Lord apologized for the "short notice", but wrote that "a matter has come up for which I need your counsel and decision as soon as possible".

The amount of money in question was not huge, but Freedom House recognized the gravity of the situation. A three-page memo drawn up for organization officials laid out four options and said all were "predicated on the understanding that the apparent misuse of funds is potentially a serious violation of Freedom House policy and Freedom House's contractual agreements with the U.S. government". (The memo was sent to us anonymously from a source who has provided us with reliable information in the past. We have independently confirmed all the charges this person has made to us regarding Karatnycky's misuse of Freedom House money and have authenticated two other internal Freedom House memos sent to us by this person.)

One option was to simply fire Karatnycky, which the advisory memo said would "make clear, in no uncertain terms, that [board members] will not tolerate such improprieties by a staff member. This addresses the many rumors regarding the president's improprieties outside of Freedom House, and is *the least ambiguous course from a legal perspective"* [emphasis added]. There was only one downside to dismissing Karatnycky: "Public knowledge of the president's improprieties could be damaging to the organization's reputation."

Other options proposed to Freedom House bigwigs were less definitive. One

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possibility was to fire Karatnycky "in a manner which limits the potential negative repercussions for the institution and for Adrian as an individual". This course of action offered the advantage of "maintaining a significant degree of external and internal damage control", but on the minus side "could disrupt the continuity of certain activities".

A even milder possibility would be to "transition" Karatnycky to the post of senior scholar, move him permanently from the New York to Washington office, and strip him of "all of his management authority". This offered a number of pros, such as allowing Karatnycky "to continue his work with a plausible explanation for the transition (i.e., he has openly commented on his preference for substantive issues over administrative duties)". The downside here was that "Freedom House is going into a major restructuring phase, and will be terminating the employment of a number of employees. As all employees of the institution are aware of the rumors of apparent misuse of funds, and may be disgruntled, Freedom House risks potential negative repercussions if Freedom House keeps Adrian on staff".

The weakest option offered was to let Karatnycky keep the title of president but take away his management authority. In the end, Freedom House chose this latter option, even though the memo could muster but one argument in its favor — "Freedom House continues to operate with its current president". The downside implications listed in the memo were lengthy, including everything mentioned in the previous option and more: "Rumors of the President's improprieties exist, both inside and outside of Freedom House. If there is no perception that some kind of action has been taken, these rumors may continue to cause damage to the organization, and negatively impact the reputation, relations and funding of the institution." The memo added that if employees who were about to be terminated "perceive a different standard set for the president vs. the staff, Freedom House risks additional negative repercussions in the form of potential law suits, bad publicity and a continuing erosion of staff morale".

After agreeing on a policy of coverup, Freedom House ran an active spin campaign about its decision to retain Karatnycky. The man in charge of the PR effort was said to be Ken Adelman, who claimed that Karatnycky had not meant to misappropriate the money but had merely been distracted.

Karatnycky returned from Washington and reassumed his post in New York on September 3. Sources tell us that the only "punishment" he suffered for his actions was having to reimburse Freedom House for the money he misused.

Our calls to Freedom House to discuss the Karatnycky affair set off an immediate alarm. We were soon called at least five times by officials and staffers probing to find out how much we knew. Neither Karatnycky nor Lord would return phone calls but Leonard Sussman, a denizen in the New York office, assured us that Karatnycky had not misappropriated money. He refused to discuss specific allegations about the affair unless we named all our sources. Sussman, in a series of intricately phrased denials, also claimed that the three-page memo "is not in our files. No one here knows who wrote it".

Norman Hill of the A. Philip Randolph Institute, who sits on Freedom House's executive committee, confirmed to us that Lord called a meeting on August 7 to discuss Karatnycky's questionable use of Freedom House money (Hill did not attend because he was traveling). He further confirmed that Karatnycky had reimbursed Freedom House for money that he had mischarged to the organization's budget. "The problem was resolved to the satisfaction of the executive committee," he said.

A CounterPunch source, who asked to be unidentified, confirmed that Freedom House investigated Karatnycky's apparent misuse of money and confirmed other details of the case. This person had first-hand knowledge of Karatnycky's romance with his Ukrainian mistress.

Asked to comment about Freedom House's contention that Karatnycky had not deliberately misspent money, another source said: "The money was misappropriated. There's no question about that." ■

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